

**Supplemental Reporting Document  
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February 2006 Investment Committee Meeting  
(December 2005 Reporting Period)**

**Quarterly Reports**

Member Home Loan Program



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February 14, 2006

**SUPPLEMENTAL ITEM**

**TO: MEMBERS OF THE INVESTMENT COMMITTEE**

- I. SUBJECT:** Member Home Loan Quarterly Performance Report
- II. PROGRAM:** Member Home Loan Program (MHLP)
- III. RECOMMENDATION:** Information only
- IV. ANALYSIS:**

For the quarter ended December 31, 2005, the CalPERS Member Home Loan Program purchased approximately \$160.7 million of FNMA and GNMA securities. This represents a 3.5% decrease in these mortgage-backed securities purchased from the previous quarter total of \$166.6 million.

During this same period, the CalPERS Member Home Loan Program also purchased \$22.6 million of whole (jumbo) loans. This represents a 4.15% increase of whole loans purchased from the previous quarter total of \$21.7 million.

For the 12 month period January 1, 2005 through December 31, 2005, the Member Home Loan Program purchased approximately 3,578 real estate loans totaling \$747.3 million.

**V. STRATEGIC PLAN:**

This item is consistent with the Strategic Plan Goal VIII, manage the risk and volatility of assets and liabilities to ensure sufficient funds are available, first, to pay benefits and second, to minimize and stabilize contributions.

**VI. RESULTS/COSTS:**

Attachment 1 is the quarterly report prepared by CitiMortgage.

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Mark Yelavich  
Investment Officer

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Arnie Phillips  
Senior Portfolio Manager

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Curtis D. Ishii  
Senior Investment Officer

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Anne Stausboll  
Interim Chief Investment Officer

# *CalPERS Member Home Loan Program*



## Quarterly Update Report as of December 31 2005

Presented by:



Manager of the CalPERS  
Member Home Loan Program

# *CalPERS Member Home Loan Program*



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# CALPERS MEMBER HOME LOAN PROGRAM

## Informational Bulletin

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### *Highlights For The Quarter Ending 12/31/05*

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- **Program to Date**, CalPERS has purchased a total of 125,829 loans totaling \$19.716 billion dollars (figure does not include Personal Loans).
- **Purchases for the Quarter Ending 12/31/05**, were \$183.278 million dollars (figure includes Personal Loans). (see page 4);
- **Portfolio Holdings as of 12/31/05** were \$1.454 billion dollars (see page 5);
- **Mortgage Loan Delinquencies as of 09/30/05;**
  - Fannie Mae MBS Delinquencies increased by 1 bps (No exposure to CalPERS, see page 6);
  - Whole Loan Delinquencies increased by 34 bps. (CalPERS exposure see page 7);
- **Percentage of Personal Whole Loan Delinquency as of 12/31/05** increased by .77% (see page 8).
- **Number of Lending Institutions participating in the MHLP** is 45 with a total of 594 branch locations statewide (see page 9);
- **CMI CalPERS Pipeline & Purchase Information for YTD ending 12/31/05;**

Committed not Purchased:	302	\$72,436,298	
Total Commitments Issued (YTD):	3,315	\$807,397,352	<b>Avg/month: \$67,283,112.67</b>
Total Purchased (YTD):	2,792	\$660,904,575	<b>Avg/month: \$55,075,381.25</b>
Purchase/Refinance Percentage (%):	23%/77%		

#### **Points of Interest - 4<sup>th</sup> Quarter, 2005**

Sales Support Manager (Marketing)  
Carolyn Holmes

#### **Marketing/Lead Tracking Report (Top 5 categories)**

Benefit Fairs/Events	560 leads	=	17.33% (of total leads)
Co-Worker Referral	476 leads	=	14.73%
Paycheck Stuffer	475 leads	=	14.70%
L.O. Marketing Efforts	414 leads	=	12.81%
CalPERS Website	355 leads	=	10.99%

Total leads generated in 4<sup>th</sup> Quarter, 2005 = 3,231

#### **CalPERS Website Updates:**

We revised the MHLP basic training presentation on our correspondent website for new loan officers and updated the CalPERS website for changes in our Title companies and clarifications on the frequently asked questions page. Fannie Mae Loan Limits were also updated.

An outline site map of the CalPERS web site employer portal was created so that in the near future this section can be expanded to better serve the agencies and help them get in touch with the AL's.

#### **CalPERS Publications:**

We submitted articles about MHLP to the PERSpective publication through CalPERS. Subject: CalHFA Homeownership, audience 619K School and Public Agency members; Subject: ACCESS as additional 100% financing option, audience 375K Retired CalPERS members.

# **CALPERS MEMBER HOME LOAN PROGRAM**

## **Informational Bulletin**

The marketing team developed content for the MHLP correspondent bulletin, CalPERS web site and other borrower collateral for the introduction of the TotalProtect Home Warranty plan. However, this marketing was put on hold at the end of the week, since we are still waiting for a signed Letter of Agreement from TotalProtect.

### **CalPERS Marketing Materials and Tools:**

We revised the ACCESS & MyCommunityMortgage, and MHLP Overview sales training presentations for our California Sales force this week. All of our CA field reps have been issued sales binders with these training presentations and support materials in them, to assist them with their sales calls.

We are in the process of developing re-designing a consumer flyer for the MHLP that gives an overview of all of the program's benefits.

We are working on developing a new contact management database using MS Access for our Agency Liaisons and a census database for CA to help us establish a marketing plan for CA for next year. Both of these tools are going to immensely help our Agency Liaisons be more effective with their marketing. Full implementation is due early next year.

### **CalPERS Market Strategy and Trainings:**

We hired and trained a Northern California Account Executive, a Northern California Agency Liaison, and Marketing Assistant. Having an Account Executive in the Northern California territory again will provide Lenders with a central point of contact with the Program administration department and provide them with resources to help them market MHL Program. Having an Agency Liaison in the Northern California territory again will provide agency and H.R. representatives with a central point of contact with the Program administration department and provide them with resources to help keep their employees educated about their loan options and advantages through the MHL Program. The addition of a marketing assistant will also help us strategize how to better reach the CalPERS Members and launch new program developments in a more timely manner. We will also be better able to keep the MHL content on the CalPERS web site up-to-date.

Carolyn, the Agency Liaisons, and the marketing assistant had an in-depth training on products, sales skills, market segmentation, and marketing strategies for 2006. It was an extremely productive 3-day training and should help us target the efforts of our agency liaisons to improve both lead generation as well as lead conversion.

### **CalPERS Events:**

Carolyn and our Southern Cal AL, Tina attended the CalPERS Employer conference with our Southern Cal AL, Tina. This event was attended by thousands of H.R. representatives and other personnel in management positions as the conference was all about benefits and legislation affecting their employees, and how to keep their employees informed. We spoke to 250 contacts exceeding our goal of 200.

Tina also attended the California Education Technology Professionals Association (CETPA) on Thursday. Goal to acquire 100 leads from CalPERS Members at this event. Tina hit 63% of goal.

Procedural timelines were drawn up for Benefit Fairs and Conferences for 2006. These outlines will help the marketing team (AL's in particular) stay on task for these events. By sending LO's to as many events as possible, the AL's hope to increase their personal productivity by focusing their energy on other lead producing activities.

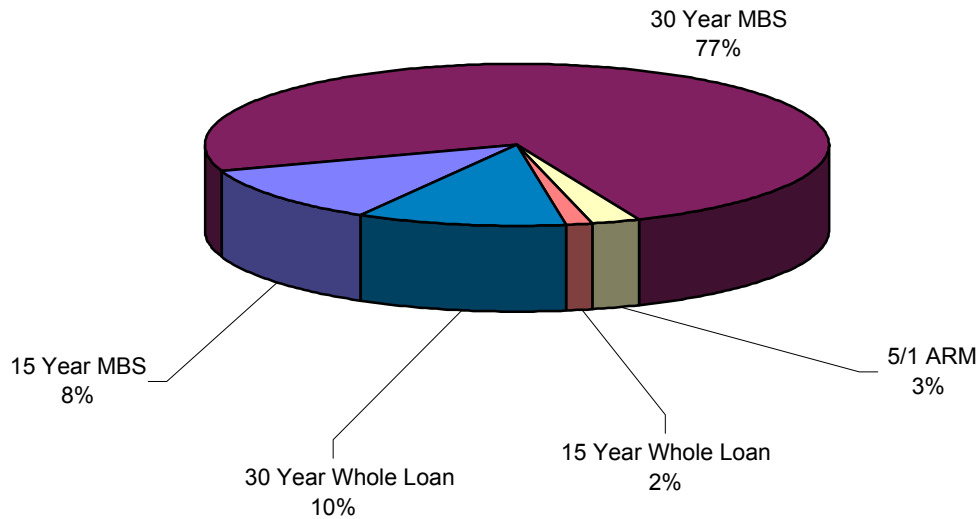
Plans for the 25<sup>th</sup> Anniversary event(s) were summarized and clarified. Carolyn will be sifting through these plans and emailing Mark at CalPERS to update him on the status of the event. An action plan was tentatively scheduled for creation in the month of January.

# CalPERS MEMBER HOME LOAN PROGRAM

## PURCHASES

FOR QTR ENDING 12/31/05

Personal Whole Loans - 0%  
GNMA fixed - 0%  
GNMA Variable - 0%



INVESTMENT TYPES	LOANS	AMOUNT PURCHASED	NET YIELD <sup>(1)</sup>	WEIGHTED AVG. MATURITY (Mos.)
<b>FNMA Mortgage Backed Securities<sup>(2)</sup></b>				
15 Year	126	\$ 20,999,274.09	4.61%	175.73
30 Year	611	\$ 135,044,975.83	5.11%	355.86
5/1 ARM	19	\$ 4,637,022.58	4.50%	356.46
<b>GNMA Mortgage Backed Securities<sup>(3)</sup></b>				
Fixed	0	0		
Variable	0	0		
<b>Whole Loans<sup>(4)</sup></b>				
15 Year	14	\$ 2,725,620.04	5.11%	160.36
30 Year (including ARMs)	52	\$ 19,871,477.36	5.46%	342.86
<b>Sub-Total</b>	<b>822</b>	<b>\$ 183,278,369.90</b>	<b>5.08%</b>	<b>330.92</b>
Personal Whole Loans	-	\$ -	0.00%	0.00
<b>GRAND TOTAL</b>	<b>822</b>	<b>\$ 183,278,369.90</b>	<b>5.08%</b>	<b>330.92</b>

<sup>(1)</sup>NET YIELD - Gross yield to maturity less applicable servicing fee

<sup>(2)</sup>FNMA MBS

Servicing fees 25 basis points

<sup>(3)</sup>GNMA MBS

Servicing fees 19 basis points / 44 basis points  
Guaranty fees 6 basis points

<sup>(4)</sup>Whole Loans

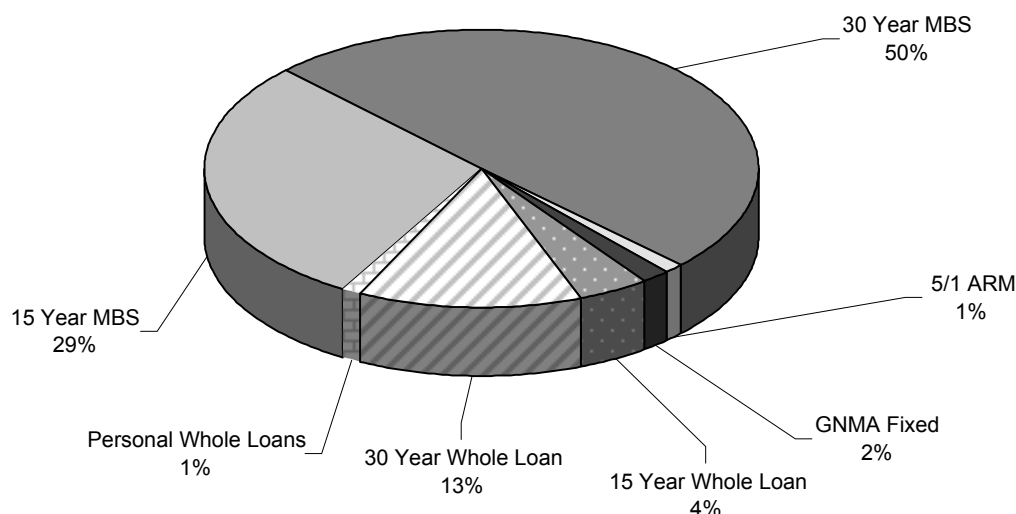
Servicing fixed 25 basis points  
Servicing ARMS 37.5 basis points

**CalPERS MEMBER HOME LOAN PROGRAM**  
**PORTFOLIO HOLDINGS**  
**FOR QTR ENDING 12/31/05**

GNMA ARMs - 0%

Variable Whole Loans - 0%

\*totals for these figures not statistically significant



INVESTMENT TYPES	LOANS	PORTFOLIO BALANCE	NET YIELD <sup>(1)</sup>	WEIGHTED AVG. MATURITY (Mos.)
<b>FNMA Mortgage Backed Security<sup>(2)*</sup></b>				
15 Year	3,892	\$ 424,439,679.55	4.49%	149.25
30 Year	3,873	\$ 722,270,144.15	5.05%	336.72
5/1 ARM	75	\$ 18,169,043.44	4.15%	349.45
<b>GNMA Mortgage Backed Security<sup>(3)</sup></b>				
Fixed	73	\$ 24,328,791.02	5.15%	327.75
ARMS	2	\$ 791,060.04	4.34%	271.42
<b>Whole Loans<sup>(4)</sup></b>				
15 Year	177	\$ 58,393,942.28	5.26%	241.77
30 Year	538	\$ 189,693,719.63	5.57%	320.84
Variable	3	\$ 669,101.19	5.05%	325.41
<b>Sub-Total</b>	<b>8,633</b>	<b>1,438,755,481.30</b>	<b>4.95%</b>	<b>275.44</b>
<b>Personal Whole Loans</b>	<b>2,877</b>	<b>\$ 16,226,588.71</b>	<b>6.84%</b>	<b>110.00</b>
<b>TOTAL *</b>	<b>11,510</b>	<b>\$ 1,454,982,070.01</b>	<b>4.97%</b>	<b>273.59</b>

<sup>(1)</sup>Net Yield - Gross yield to maturity less applicable servicing fees.

<sup>(2)</sup>FNMA MBS

Servicing fees

25 basis points

<sup>(3)</sup>GNMA MBS

Servicing fees

19 basis points / 44 basis points

Guaranty fees

6 basis points

<sup>(4)</sup>Whole Loans

Servicing Fixed

25 basis points

Servicing ARMS

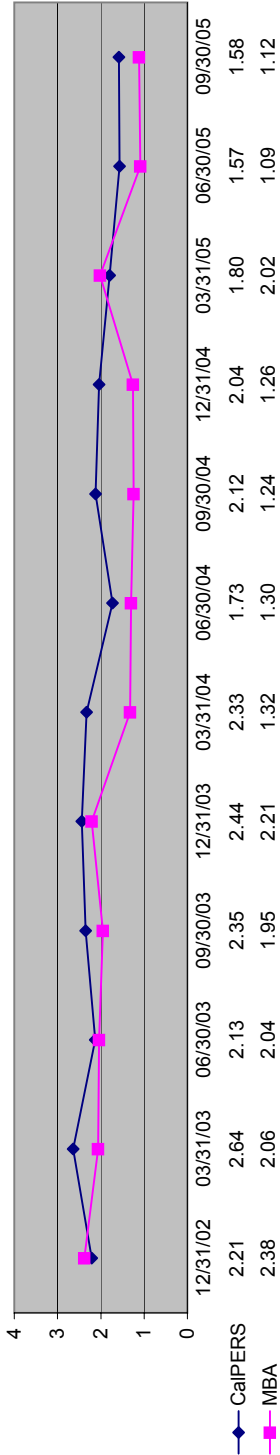
37.5 basis points

\*There are several pools that the Manager is not servicing. These pools do not reflect in the Portfolio Holdings.

# DELINQUENCY REPORT

## CalPERS MBS vs. MBA Delinquency Statistics

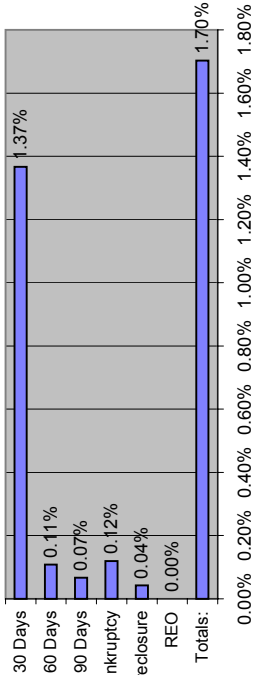
CalPERS FNMA MHL P MORTGAGE BACKED SECURITIES (MBS) VS. MORTGAGE BANKERS ASSOCIATION (MBA) % LOANS DELINQUENT



CalPERS FNMA MBS DELINQUENCY

NUMBERS QTR ENDING 09/30/05			
	# Loans	% Delinquent	UPB (\$)
30 Days	390	1.37%	59,625,872.47
60 Days	31	0.11%	4,091,447.89
90 Days	19	0.07%	3,379,854.70
Bankruptcy	34	0.12%	4,365,005.48
Foreclosure	12	0.04%	1,109,933.09
REO	0	0.00%	0.00
Totals:	486	1.70%	72,572,113.63
Total Portfolio		#	\$
		28,536	4,103,256,169.78
Totals - BK and REO:		452	68,207,108.15
		1.58%	1.66%

CalPERS FNMA MBS % OF LOANS DELINQUENT QTR ENDING 09/30/05

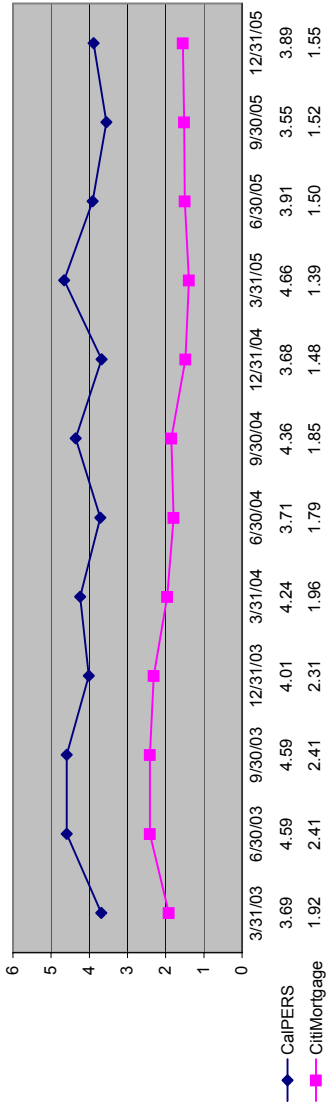


Total Portfolio reflects total MHL P MBS outstanding principal balance regardless of CalPERS ownership of the MHL P MBS.  
 For all graphs above, percentages are based on loan count in order to calculate delinquency data consistent with the MBA. All numbers are rounded up.  
 MBA has no REO/Bankruptcy MHL P percentage will not reflect REO/Bankruptcy.

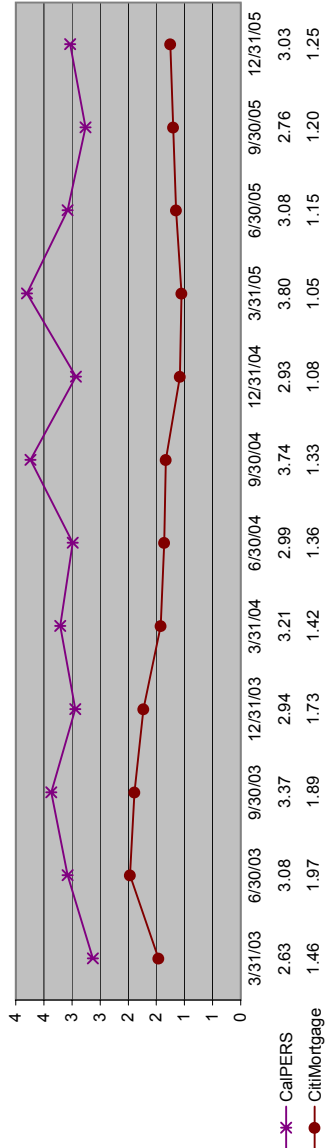
DELINQUENCY REPORT

CaIPERS MHLP PARTICIPATION CERTIFICATES VS. CALIFORNIA JUMBO PORTFOLIO

% LOANS DELINQUENT FOR QUARTER ENDING 12/31/05



% \$UPB DELINQUENT FOR QUARTER ENDING 12/31/05

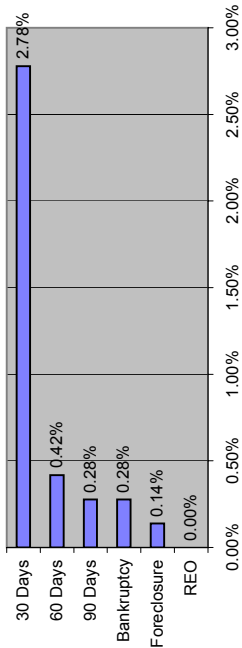


\*As of 9/30/03 Comparison is based on all CitiMortgage Jumbo Loans

CaIPERS PARTICIPATION CERTIFICATES  
DELINQUENCY NUMBERS  
QUARTER ENDING 12/31/05

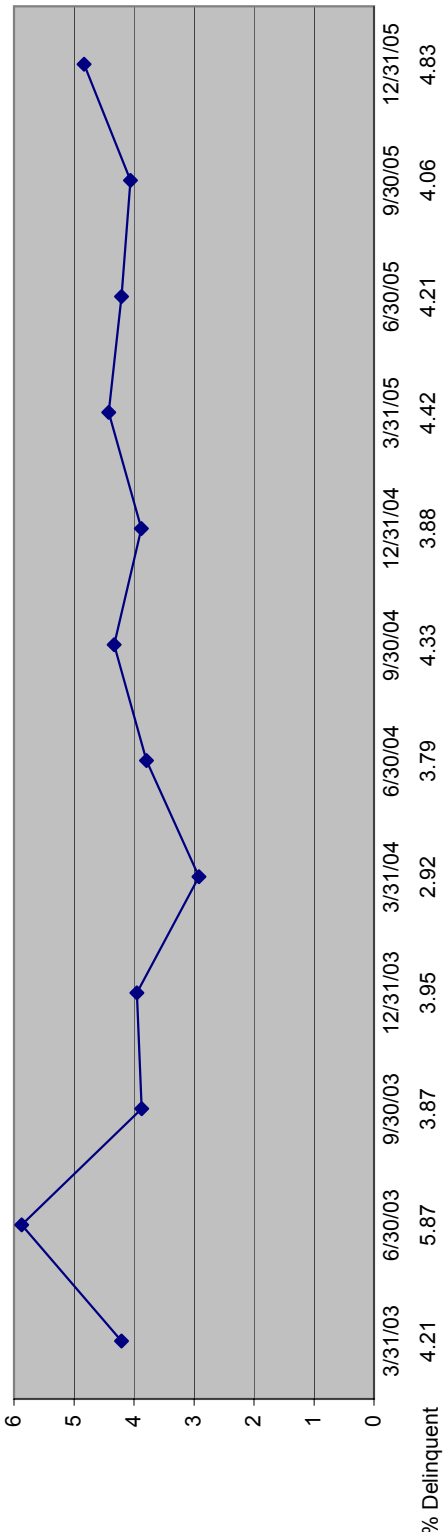
	# Loans	% Delinquent	UPB (\$)	% Delinquent
30 Days	20	2.78%	5,684,630.76	2.28%
60 Days	3	0.42%	506,145.50	0.20%
90 Days	2	0.28%	664,382.40	0.27%
Bankruptcy	2	0.28%	397,091.09	0.16%
Foreclosure	1	0.14%	315,319.24	0.13%
REO	0	0.00%	0.00	0.00%
Totals	28	3.89%	7,567,568.99	3.03%
Total Portfolio		720		\$ 249,584,375.53

CALPERS PARTICIPATION CERTIFICATES % OF LOANS  
DELINQUENT QTR ENDING 12/31/05



# **DELINQUENCY REPORT** **CalPERS Personal Loans**

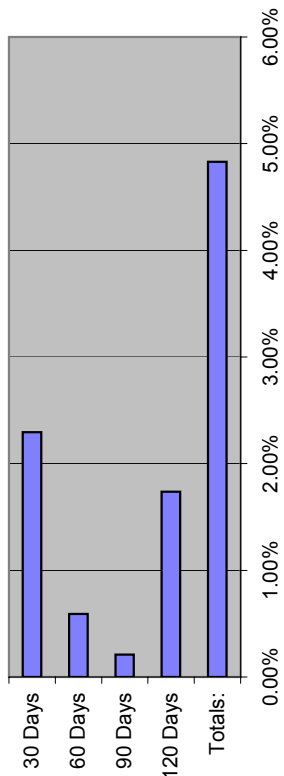
**% LOANS DELINQUENT FOR QUARTER ENDING 12/31/05**



**PERSONAL WHOLE LOANS  
 DELINQUENCY NUMBERS  
 QTR ENDING 12/31/05**

# Loans	% Delinquent	UPB (\$)
30 Days	2.29%	286,248.12
60 Days	0.59%	85,003.62
90 Days	0.21%	35,980.01
120 Days	1.74%	170,481.38
<b>Total Delinquent</b>	<b>4.83%</b>	<b>577,713.13</b>
<b>Total Portfolio</b>	<b>2,877</b>	<b>\$16,226,588.71</b>

**PERSONAL WHOLE LOANS  
 % OF LOANS DELINQUENT  
 QTR ENDING 12/31/05**



For all graphs above, percentages are based on loan count in order to calculate delinquency data consistent with the MBA.

A total of 552 Personal Loans for \$2,513,374.83 have been called into Default (Program to Date).

A total of 19,686 Personal Loans for \$145,470,375.24 have been purchased by CalPERS (Program to Date).

## APPENDIX A

### **CalPERS MEMBER HOME LOAN PROGRAM PARTICIPATING LENDER LIST AS OF 12/31/05**

ABN AMRO MORTGAGE GROUP  
ALTURA CREDIT UNION  
AMERICAN HOME MORTGAGE  
ARROWHEAD CENTRAL CREDIT UNION  
BROADVIEW MORTGAGE COMPANY  
CENTRAL PACIFIC MORTGAGE CO.  
COUNTRYWIDE HOME LOANS, INC.  
CTX MORTGAGE COMPANY  
CU WEST MORTGAGE, INC.  
CUNA MUTUAL MORTGAGE CORPORATION  
DHI MORTGAGE COMPANY, LTD.  
EAGLE HOME MORTGAGE, INC.  
FIRST BANK MORTGAGE  
FIRST HORIZON HOME LOAN CORPORATION  
FIRST MAGNUS FINANCIAL CORPORATION  
FIRST MORTGAGE CORPORATION  
FIRST NORTHERN BANK OF DIXON  
GATEWAY BUSINESS BANK  
GMAC MORTGAGE CORPORATION  
GOLDEN EMPIRE MORTGAGE, INC.  
GOLDEN STATE MORTGAGE TRUST, INC.  
GUILD MORTGAGE COMPANY  
HARBORSIDE FINANCIAL CORPORATION

K. HOVANIAN AMERICAN MORTGAGE  
MOUNTAIN WEST FINANCIAL, INC.  
NCMC A SUBSIDIARY OF NATIONAL CITY  
NEW CENTURY MORTGAGE CORPORATION  
PINNACLE FINANCIAL CORPORATION  
PLUMAS BANK  
PROVIDENT MORTGAGE CORPORATION  
PROVIDENT SAVINGS BANK  
SANTA CLARA COUNTY FEDERAL CREDIT UNION  
SANTA CRUZ MORTGAGE COMPANY  
SCME MORTGAGE BANKERS, INC.  
SIERRA PACIFIC HOME LOANS  
SIERRA PACIFIC MORTGAGE COMPANY, INC.  
THE GOLDEN 1 CREDIT UNION  
THE MORTGAGE HOUSE, INC.  
U.S. FINANCIAL MORTGAGE CORPORATION  
UNITED FINANCIAL MORTGAGE CORPORATION  
UNITED PACIFIC MORTGAGE  
UNIVERSAL AMERICAN MORTGAGE COMPANY  
WELLS FARGO BANK  
WESTERN SIERRA NATIONAL BANK  
YOUNG MORTGAGE SERVICE CORPORATION

**TOTAL NUMBER OF LENDERS:**  
**TOTAL NUMBER OF BRANCHES:**

**45**  
**594**

## APPENDIX B

### Qualifying Standards for CalPERS Participants

- Audited financial statements, which usually report the performances of the past two years.
- The most update quarterly financial statements (unaudited interims)
- Quality control procedures
- FNMA approved with ID number (letter attached).
- Net worth of at least \$500,000 (based on audited financial statements).
- Has been in business for two years (based on audited financial statements).
- Has operated profitably for two years (based on audited financial statements).
- Approval from: RADIANT, GEMICO, UGIC, PMI, MGIC, RMIC, or TRIAD
- Current Error & Omissions Insurance and Fidelity Bond Coverage (minimum coverage at least \$300,000 and current at time of review).

**For applicants requesting SERVICING RETAINED status:**

- The Applicant's delinquency and foreclosure ratios in California for the past three years are equal to or less than the average ratios for comparable institutions as reported by the MBA.
- Currently servicing a residential loan portfolio of at least \$300MM with the capacity of servicing FNMA MBS'.